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FORMER TONASKET, WASHINGTON, MAN PLEADS GUILTY TO FILING FALSE TAX REFUND CLAIM

Spokane – Today, James A. McDevitt, United States Attorney for the Eastern Judicial District of Washington, announced that Gustavo A. Bauer, age 35, pleaded guilty to one count of filing a false claim with the Internal Revenue Service. United States District Judge Edward F. Shea ordered Bauer detained pending sentencing scheduled for May 25, 2006.

In 1999, Bauer, then a resident of Tonasket, Washington, filed sixteen false income tax refunds using other people's names and social security numbers. The returns used false W-2 forms listing the City of Chelan as the employer and all claimed the Earned Income Credit (EIC). In total, the returns sought \$98,165 in refunds of which \$17,500 was paid before the scheme was uncovered. All the refunds used the same Okanogan, Washington post office box controlled by Bauer, as the return address.

In November 2001, Bauer was charged in a 16-count indictment for filing those 16 false income tax refunds. Bauer absconded and remained a fugitive until June 2005, when he was arrested on counterfeiting charges near Fresno, California. Bauer has been detained ever since. After serving over 5 months in jail for counterfeiting, Bauer was transferred to Spokane to answer to the false claims indictment. At sentencing, Bauer faces up to 5-years in prison, \$250,000 fine, 3-years of court supervision after imprisonment, and restitution of \$17,500.

"Filing false income tax returns, using the names and/or identities of other people in order to claim refunds to which you are not entitled, is a sure ticket to a federal prosecution," said Sherree W. Preston, IRS Special Agent in Charge for Washington.

This case was investigated by the Internal Revenue Service, Criminal Investigations.